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MEMORANDUM FOR THE RECORD

FROM:

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SUBJECT: Hearing by Senate Government Operations Committee
on Espionage Activities in the United States

1. On 22 October 1985, the Permanent Subcommittee on Investigations of the Senate Government Affairs Committee held hearings on how to limit the activities of hostile intelligence services in the United States. Senators Roth, Nunn, Cohen and Glenn attended the hearing. Testifying before the subcommittee were Senators Durenberger and Leahy, FBI Director, Daniel Webster and Richard Perle, Assistant Secretary of Defense.

2. Senator Roth began the hearing by stating that the subcommittee intended to hold a series of hearings on the activities of Soviet and East European intelligence services in the United States. The Senator stated that they intend to closely exam various means of reducing the presence of hostile intelligence personnel and regulating their movement.

3. Senator Durenberger began his testimony by noting the large presence of Soviet and East European intelligence personnel in the United States. He stated that the Senate Select Committee on Intelligence (SSCI) would shortly begin hearings to develop a counterintelligence (CI) strategy. He gently chided the White House for not naming a point man for these upcoming hearings. He then indicated that the Committee would focus on four areas: 1) reducing the Soviet presence in the U.S. by requiring strict reciprocity; 2) reducing the Soviet mission to the United Nations (UN) so that it equaled the U.S. mission to the UN; 3) requiring Foreign Mission Office travel controls for Warsaw Pact country representatives; and 4) regulating foreign controlled commercial entities.

4. Senator Leahy's testimony focused on his concern that the foreign affairs bureaucracy is footdragging in implementing the provisions of the Leahy/Cohen diplomatic reciprocity legislation. He also noted that he had introduced legislation to limit the Soviet presence at the UN, but that this bill would not be marked up until next year. Finally, the Senator noted that we must take care to avoid infringements on civil liberties in combating Soviet espionage activities. He specifically noted NSDD-84 in this regard.

5. Following the initial statements of Senators Durenberger and Leahy, Senator Nunn asked several questions on the new CI strategy being proposed by Senators Durenberger and Leahy. Senator Durenberger stated that the purpose of the strategy was to achieve better coordination among those agencies that have a counterintelligence function. Senator Leahy suggested that the DCI should be the overall head of this new strategy. Nunn then suggested that as part of this new strategy, we organize a group of scientists to study what the Soviets need in terms of new technology so that we can better establish priorities over what needs to be protected.

6. Following the Nunn questions on counterintelligence strategy, Senator Cohen made the observation that we need tougher restrictions on the travel of representatives from Warsaw Block countries and that this could be done today if the Administration had the will to do it. He also stated that the President should be put in charge of any counterintelligence strategy.

7. Senator Glenn, in his questioning, focused on the need to protect Strategic Defense Initiatives (SDI) related research. He agreed with Senator Nunn that we need a scientific "Red Team" to tell us what the Soviets need most. Finally, he deplored the number of Soviets serving in the U.S. Embassy in Moscow.

8. In Director Webster's opening statement, he noted several recent Soviet intelligence operations that did great damage to our national security. He also pointed out the increased resources being devoted to counterintelligence work and the fact that we have had the highest rate of arrest for espionage since World War II. The Director endorsed the idea of numerical and travel restrictions on Soviet and East European diplomats. Director Webster stated that implementation of the Leahy/Cohen reciprocity legislation would help restrict Soviet intelligence operations.

9. Following Director Webster's initial statement, Senator Roth inquired whether the Director would support travel restrictions on representatives of Warsaw Block countries. He stated that he would. The Director also endorsed the idea of regulating companies owned by Warsaw Block countries. Director Webster noted that these foreign-owned companies provide cover for hostile intelligence services and participate in the illegal diversion of U.S. technology.

10. In response to a question by Senator Nunn, Director Webster stated that he would be able to rank East European countries in their espionage effort against the U.S. Senator Nunn stated that he intended to introduce legislation that would require such a report and that the U.S. could reduce trade credits and other economic benefits to those countries who rank near the top of the list. Senator Nunn felt we could pressure those Warsaw Block countries to reduce their espionage activities in exchange for maintaining liberal trade credits.

11. Next, Senator Cohen made a statement criticizing the Agency and FBI regarding the Howard case. Senator Cohen then inquired as to the Soviet presence on Capital Hill. Director Webster noted that the Soviets attend hearings and have approached members and staff, but have not been spectacularly successful in any recruitment activity.

12. In response to a question by Senator Glenn as to why the Administration has not imposed travel restrictions on East European diplomats, Director Webster noted the difficulty in building a consensus when there are so many conflicting views in the Administration. He specifically noted the Intelligence Community concern about retaliation if such restrictions were imposed. Senator Glenn also questioned Director Webster on the need to expand FBI's authority overseas. Director Webster stated that there was no need to do this.

13. Richard Perle was the last Administration witness to testify. Mr. Perle stated that we were far too liberal in granting visas for East European students. He also stated that we should regulate companies controlled by Warsaw Block countries and that any policy requiring reciprocity with respect to travel restrictions would have to be made mandatory to overcome bureaucratic resistance.

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